

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
ATLANTIC MINE , MICHIGAN

FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION

June 30, 2007

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT

JUNE 30, 2007

ADMINISTRATION

Superintendent Paul Saaranen

BOARD OF EDUCATION

President Dennis Hext

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Stanton Township Public School District
Atlantic Mine, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Stanton Township Public School District as of and for the year then ended June 30, 2007, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Stanton Township Public School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Michigan School Auditing Manual*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Stanton Township Public School District as of June 30, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Audit Standards*, we have also issued a report dated October 26, 2007 on our consideration of Stanton Township Public School Districts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion analysis and budgetary comparison information on pages 8 through 14 and 31, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express any opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Stanton Township Public School District's basic financial statements. The additional information on pages 33 to 38 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information has been subject to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bruce A. Rukhila, CPA, PC

Certified Public Accountants

October 26, 2007



Bruce A Rukkila, CPA, PC



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Education
Stanton Township Public School District
Atlantic Mine, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Stanton Township Public School District as of and for the year then ended June 30, 2007, which collectively comprise the Stanton Township Public School District's basic financial statements and have issued our report thereon dated October 26, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stanton Township Public School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Stanton Township Public School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Stanton Township Public School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Stanton Township Public School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Stanton Township Public School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Stanton Township Public School District's financial statements is more than inconsequential and will not be prevented or detected by the Stanton Township Public School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Stanton Township Public School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the school district's board of education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Bruce A. Rukkila, CPA, PC

Certified Public Accountants

October 26, 2007

Stanton Township Public School District
Management's Discussion and Analysis
June 30, 2007

This section of Stanton Township Public School District's annual financial report presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2007. Please read it in conjunction with the District's financial statements, which immediately follows this section.

Financial Highlights

For the fifth consecutive year, the District adopted their annual budget and were required to use fund balance as a resource in adopting a balanced budget. The full impact of the budget was moderated by the following factors:

- The foundation grant increased by \$210.00 per student
- The Michigan School Readiness program grant was used to defray some transportation costs in common with the general education program and the enrollment drop of almost ten students is averaged over a period of three years.

Overview of the Financial Statements

The annual report consists of a series of financial statements including other requirements as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.
- The Government-wide Financial Statements consists of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the District as a whole and represent an overall view of the District's finances.

Statement of Net Assets and the Statement of Activities

These statements provide information that help determine how the District is doing financially as a result of the year's activities. The statements are shown using a full accrual basis.

The District's net assets and the changes in the net assets during the year are reported by these two statements. Increases or decreases in the District's net assets is one way to determine if the financial position of the District is improving or deteriorating. However, non-financial factors will need to be considered as well to determine the overall financial position of the District.

- Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. These statements also report the District's operations in more detail than the Government-wide Financial Statements by providing information about the most significant funds.

The fund level financial statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

Overview of the Financial Statements - Continued

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the District's major instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including School Food Service and Athletic funds.

Major Funds: Under GASB Statement 34, the audit focus has shifted from type of governmental fund to major funds. Major funds are the largest funds in terms of assets, liabilities, revenues or expenses/expenditures. This allows the reader to see more detailed activity of the major funds. For the District, the General Fund meets this requirement

Non-major Funds: In the basic financial statements, non-major funds are consolidated into one column. These are smaller funds. Detailed information about non-major funds can be found after the notes to the financial statements.

- Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Required supplementary information, other than Management Discussion and Analysis, provides information about the required budgetary comparison information on the general fund.
- Other supplementary information provides detailed information about the General, School Food Service and Athletic funds.

Stanton Township Public School District
Management's Discussion and Analysis
June 30, 2007

Summary of Net Assets

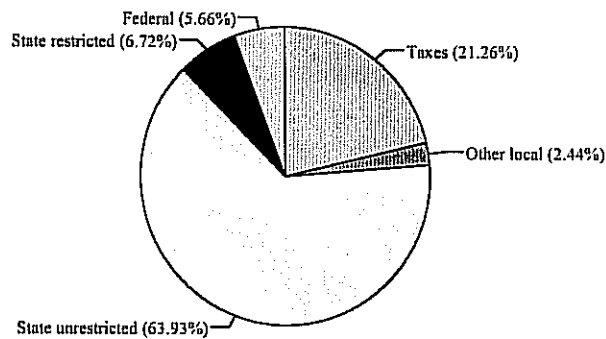
	2007	2006
Assets		
Current and other assets	\$ 810,633	\$ 836,764
Capital assets - Net of accumulated depreciation	381,343	413,203
Total Assets	<u>\$ 1,191,976</u>	<u>\$ 1,249,967</u>
Liabilities		
Current liabilities	\$ 179,907	\$ 175,906
Long-term liabilities	16,499	18,547
Total Liabilities	<u>196,406</u>	<u>194,453</u>
Net Assets		
Invested in capital assets - net of related debt	374,863	399,189
Unrestricted	620,707	656,325
Total net assets	<u>995,570</u>	<u>1,055,514</u>
Total Liabilities and Net Assets	<u>\$ 1,191,976</u>	<u>\$ 1,249,967</u>

Results of Operations in Governmental Activities

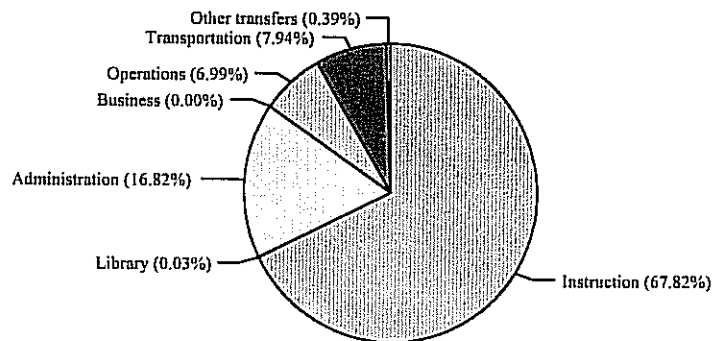
	2007	2006
Program Revenue:		
Charges for services	\$ 15,825	\$ 18,549
Grants and contributions	193,029	202,257
General Revenue:		
Property taxes	250,246	228,986
State foundation allowance	752,167	743,175
Other	28,758	23,600
Total Revenue	<u>1,240,025</u>	<u>1,216,567</u>
Functions/Program Expenses		
Instruction	819,687	814,226
Support services	416,144	387,225
School food services	57,837	64,394
Athletics	6,301	4,770
Interest on long-term debt	0	4,495
Total Expenses	<u>1,299,969</u>	<u>1,275,110</u>
Change in Net Assets	(59,944)	(58,543)
Net Assets - Beginning	1,055,514	1,114,057
Net Assets - Ending	<u>\$ 995,570</u>	<u>\$ 1,055,514</u>

The following charts highlight the District's General Fund activities:

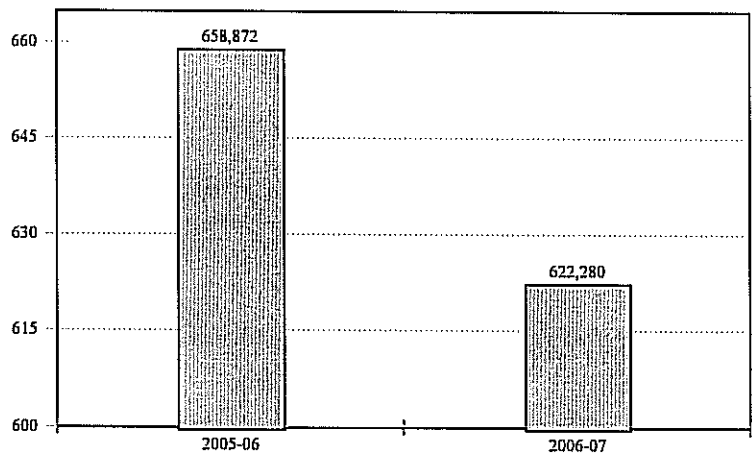
2006-07 Revenues



2006-07 Expenditures



Fund Balance Comparison



Stanton Township Public School District
Management's Discussion and Analysis
June 30, 2007

Significant Transactions and Changes in Individual Funds

The overall financial position of the individual Governmental funds of the District did not change significantly from the previous year. A comparison of revenues/transfers, expenditures/transfers and fund balances is as follows:

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
General Fund:			
Revenues/Transfers	\$ 1,176,638	\$ 1,157,344	\$ 19,294
Expenditures/Transfers	\$ 1,213,230	\$ 1,158,736	\$ 54,494
Fund Balance	\$ 622,280	\$ 658,872	\$ (36,592)
Debt Retirement Fund:			
Revenues/Transfers	\$ 0	\$ 0	\$ 0
Expenditures/Transfers	\$ 0	\$ 14,013	\$ (14,013)
Fund Balance	\$ 0	\$ 0	\$ 0
School Food Service Fund:			
Revenues/Transfers	\$ 61,952	\$ 66,474	\$ (4,522)
Expenditures/Transfers	\$ 57,837	\$ 64,394	\$ (6,557)
Fund Balance	\$ 13,360	\$ 9,245	\$ 4,115
Athletic Fund:			
Revenues/Transfers	\$ 6,189	\$ 5,851	\$ 338
Expenditures/Transfers	\$ 6,301	\$ 4,770	\$ 1,531
Fund Balance	\$ 1,566	\$ 1,678	\$ (112)

General Fund - The increase in revenue is due mainly to property tax revenue and foundation increases. Expenditures increased over the past year because of bus repairs, increase in tax chargeback, increase in fuel and utility costs, and the purchase of school grading software.

Debt Service Fund - The Debt Service fund was eliminated because the school district no longer has any long term debt. There was no debt activity for the 2006-2007 school year.

School Food Service Fund - Fewer meals served during the 2006-2007 year along with a percentage decline in free and reduced lunches account for the decrease in revenues from prior year. The expenditures were less due to a reduction of hours in the head cook position which decreased wages, benefits, and eliminated the pay of annuity.

Athletic Fund - Expenditures increased with the addition of a boys basketball team which incurred a coaching salary and officiating fees.

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the annual budget prior to the start of the fiscal year on July. Any amendments to the original budget must be approved by the Board prior to the close of the fiscal year on June 30.

For the fiscal year ended June 30, 2007, the original budget was adopted on June 20, 2006. Since the original budget is adopted two months before school is in session, we often have many unknowns such as the number of students we will have for the year. Since much of the District's revenue is determined based on the number of students enrolled, this unknown could have a significant impact on the budget. Often there are a number of unforeseen events that occur throughout the year that impact the budget and/or cause budget variances. The District amended its budget twice during the fiscal year due to these unforeseen events.

Stanton Township Public School District
Management's Discussion and Analysis
June 30, 2007

General Fund Budgetary Highlights (Continued)

	Original Budget	Final Budget	Actual	Variance with final budget	% Variance
Revenues	\$ 1,145,960	\$ 1,162,389	\$ 1,176,638	\$ 14,249	1.2%
Expenditures					
Instruction	\$ 840,192	\$ 839,385	\$ 822,872	\$ 16,513	2.0%
Supporting services	419,145	401,179	385,604	15,575	4.0%
Total expenditures	\$ 1,259,337	\$ 1,240,564	\$ 1,208,476	\$ 32,088	2.7%
Other financing sources (uses)	\$ 0	\$ 0	\$ (4,754)	\$ (4,754)	100.0%

Categorical and foundation monies were granted after budgeting. In addition, there was increase in interest revenue on investments.

Expenses decreased from budget because a bus that was budgeted for was not actually purchased. The budget also includes a retirement incentive and severance pay that was actually not used.

Capital Assets

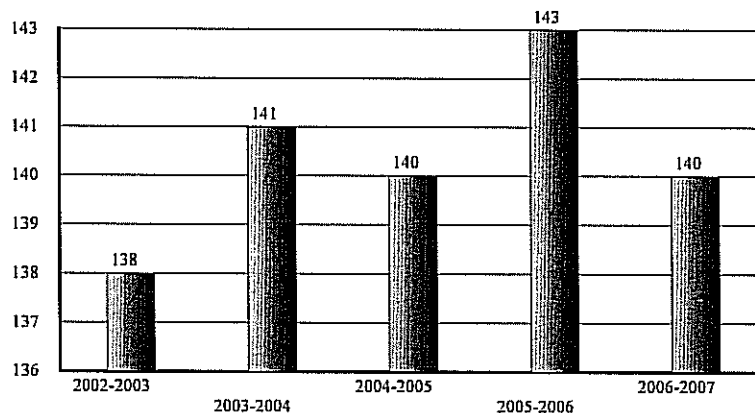
Capital Assets: The District purchased no new capital assets in 2006-07.

Additional information on the District's capital assets can be found on page 25 of this report.

Known Facts, Decisions, or Conditions Having Significant Affect on Future Operations

The graph depicts a decrease of 3 students from the previous year, using the State Aid Membership Count.

State Aid Membership Count



Known Facts, Decisions, or Conditions Having Significant Affect on Future Operations (Continued)

Our elected officials and administration consider many factors when setting the District's fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil.

The board approved an expenditure for classroom computers via a leased purchase plan for 3 years for classroom computers as detailed on page 26. This is in agreement with the District's Technology Plan.

A Headlee Reduction Act override was passed by the voters of the District in May of 2006 to be in effect for 7 years.

Contacting the District's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Office, Stanton Township Public Schools.

STANTON TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF NET ASSETS
June 30, 2007

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 179,620
Investments	455,688
Taxes receivable	32,835
Accounts receivable	1,361
Due from other governmental units	<u>141,129</u>
TOTAL CURRENT ASSETS	<u>810,633</u>
NON-CURRENT ASSETS:	
Capital assets	926,102
Less: Accumulated depreciation	<u>(544,759)</u>
TOTAL NON-CURRENT ASSETS	<u>381,343</u>
TOTAL ASSETS	<u>\$ 1,191,976</u>
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	\$ 49,337
Accrued expenses	87,143
Short-term lease payable	6,480
Due to governmental units	<u>36,947</u>
TOTAL CURRENT LIABILITIES	<u>179,907</u>
NON-CURRENT LIABILITIES	
Compensated absences	<u>16,499</u>
TOTAL NON-CURRENT LIABILITIES	<u>16,499</u>
TOTAL LIABILITIES	<u>196,406</u>
NET ASSETS	
Invested in capital assets, net of related debt	374,863
Unreserved	<u>620,707</u>
TOTAL NET ASSETS	<u>995,570</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,191,976</u>

The accompanying notes to financial statements are an integral part of this statement.

STANTON TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

		<u>Program Revenues</u>		<u>Governmental Activities</u>
		Charges for	Operating	Net (Expense)
	<u>Expenses</u>	<u>Services</u>	<u>Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u>
<u>FUNCTIONS/PROGRAMS</u>				
Government Activities:				
Instruction and instructional support	\$ 819,687	\$ -	\$ 145,663	\$ (674,024)
Support services	416,144	-	-	(416,144)
Food service	57,837	15,381	45,997	3,541
Athletics	6,301	444	1,369	(4,488)
Total Governmental Activities	<u>\$ 1,299,969</u>	<u>\$ 15,825</u>	<u>\$ 193,029</u>	<u>(1,091,115)</u>
General Revenues:				
Taxes				
Property taxes, levied for general operations				250,151
Other taxes				95
State school aid - unrestricted				752,167
Interest and investment earnings				28,605
Other				<u>153</u>
Total general revenues and transfers				<u>1,031,171</u>
Change in Net Assets				(59,944)
Net Assets - Beginning				<u>1,055,514</u>
Net Assets - Ending				<u>\$ 995,570</u>

The accompanying notes to financial statements are an integral part of this statement.

STANTON TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2007

	<u>General</u>	<u>Other Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash and cash equivalents	\$ 165,578	\$ 14,042	\$ 179,620
Investments	455,688	-	455,688
Taxes receivable	32,835	-	32,835
Accounts receivable	-	1,361	1,361
Due from other governmental units	141,129	-	141,129
Due from other funds	<u>-</u>	<u>4,476</u>	<u>4,476</u>
TOTAL ASSETS	<u>\$ 795,230</u>	<u>\$ 19,879</u>	<u>\$ 815,109</u>
LIABILITIES:			
Accounts payable	\$ 44,829	\$ 4,508	\$ 49,337
Accrued expenses	86,698	445	87,143
Due to other funds	4,476	-	4,476
Due to other governmental units	<u>36,947</u>	<u>-</u>	<u>36,947</u>
TOTAL LIABILITIES	<u>172,950</u>	<u>4,953</u>	<u>177,903</u>
FUND BALANCES:			
Unreserved	<u>622,280</u>	<u>14,926</u>	<u>637,206</u>
TOTAL FUND BALANCES	<u>622,280</u>	<u>14,926</u>	<u>637,206</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 795,230</u>	<u>\$ 19,879</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds.	381,343
Long-term liabilities, including deferred compensated absences are not due and payable in the current period and therefore are not reported in the funds.	<u>(22,979)</u>
Net assets of governmental activities	<u>\$ 995,570</u>

The accompanying notes to financial statements are an integral part of this statement.

STANTON TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended June 30, 2007

	General Fund	Other Non-major Governmental Funds	Totals
Revenues			
Local sources	\$ 278,808	\$ 17,390	\$ 296,198
State sources	831,228	1,038	832,266
Federal sources	66,602	44,959	111,561
Total revenues	<u>1,176,638</u>	<u>63,387</u>	<u>1,240,025</u>
Expenditures			
Instruction	822,872	-	822,872
Supporting services	385,604	-	385,604
School food service	-	57,837	57,837
Athletics	-	6,301	6,301
Total expenditures	<u>1,208,476</u>	<u>64,138</u>	<u>1,272,614</u>
Excess (deficiency) of revenue over expenditures	<u>(31,838)</u>	<u>(751)</u>	<u>(32,589)</u>
Other Financing Sources (Uses)			
Operating transfers in	-	4,754	4,754
Operating transfers out	(4,754)	-	(4,754)
Total other financing sources (uses)	<u>(4,754)</u>	<u>(4,754)</u>	<u>-</u>
Net Change in Fund Balance	(36,592)	4,003	<u>(32,589)</u>
Fund Balances - Beginning of year	<u>658,872</u>	<u>10,923</u>	
Fund Balances - End of Year	<u>\$ 622,280</u>	<u>\$ 14,926</u>	

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds do not record depreciation and report capital outlays as expenditures; in the statement of activities, these costs are capitalized and allocated over their estimated useful lives as depreciated	(31,860)
Accrued expenses are recorded in the statement of activities when incurred; it is not reported in governmental funds until paid	3,029
Repayment of bond/lease principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	<u>7,534</u>
Change in net assets of governmental activities	<u>\$ (59,944)</u>

The accompanying notes to financial statements are an integral part of this statement.

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Stanton Township Public School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant District accounting policies are described below.

REPORTING ENTITY

Stanton Township Public School District (the "District") is governed by the Stanton Township Public School District Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state and federal government sources and must comply with all the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United State of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement Numbers 14 and 39.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the District's government-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues and are reported as general revenues.

In the government-wide statement of net assets, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts - invested in capital assets, net of related debt; restricted for debt service; and unrestricted net assets.

The District first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues and other revenues). The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenue must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The District does not allocate indirect costs.

The government-wide focus is more on the sustain ability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental Funds - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted State aid, intergovernmental grants, and interest income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government unit.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund and accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.

Other non-major funds:

Special Revenue Funds - Special Revenue Funds are used to account for the activities of specific school service revenue sources such as School Food Service and Athletic Activities.

Accrual Method

The government-wide financials statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

Modified Accrual Method

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is done.

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2007, the foundation allowance was based on pupil membership counts taken in February and September of 2006.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2006 to August 2007. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

Other Accounting Policies

Cash and cash equivalents

Cash and equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and No. 40, Deposits and Investment Risk Disclosures. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the district intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Michigan law authorizes the District to deposit and invest in:

1. Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bill or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase dates.
2. Certificates of deposits issued by the State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.
3. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
4. Securities issued or guaranteed by agencies or instrumentalities of the United States, United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the federal deposit insurance corporation.
5. Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
6. Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

Property Taxes

Property taxes levied by the District are collected by Stanton Township and are periodically remitted to the District. The taxes are levied on December 31 and are due upon receipt of the billing by the taxpayer and becomes a lien on the first day of the levy year. The actual due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2007, the District levied 18 mills on non-homestead per \$1,000 of assessed valuation.

Receivables and Payables

Activity between funds are reported as "due to/from other funds." All receivables, including property taxes receivable, are shown net of allowance for uncollectibles.

Inventory

The District utilizes the purchase method of recording inventories of materials and supplies. Under the purchase method, inventories are recorded as expenditures when they are purchased.

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include land, buildings, equipment, site improvements, and vehicles are reported in the applicable governmental activities column in the government-wide financial statements. Fixed assets are defined by the government as assets with an initial individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair & maintenance that do not add to the value or materially extend asset lives are not capitalized.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Buses and other vehicles	5-10 years
Furniture and other equipment	5-10 years

Accrued Benefits

The liabilities for accrued benefits reported in the district-wide statements in the amount of \$16,499 consisted of sick leave balances which increase by \$3,029 from prior year.

Sick Leave - Teachers and support staff may accumulate unused sick days to a maximum of 150 and 120 days, respectively. Upon termination of employment, teachers and employees with at least ten (10) and eleven (11) years of service, respectively, to the District are paid \$30 and \$15 per day, respectively, of unused accumulated sick days.

Long-term Obligations

In the district-wide financial statements, other long-term obligations are reported as liabilities in the statement of net assets.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Reclassification

Certain items in the prior year financial statements have been reclassified to conform with the current year presentation.

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2007

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. A public hearing is held to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978) enacted at a regular meeting by School Board approval. The Act provides that a local unit shall not incur expenditures in excess of the amount appropriated.
4. During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.
7. Budget appropriations lapse at the end of the fiscal year.

In the body of the financial statements, the School's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. Violations, if any, for the general fund are noted in the required supplementary information section.

NOTE C - CASH AND INVESTMENTS

As of June 30, 2007 the District had the following investments:

Investment Type	Fair Value	Rating	%
MILAF - MIMAX	\$ 254,688	AAA	56.01%
MILAF+ TERM A	200,000	AAA	43.99%
	<u>\$ 454,688</u>		<u>100.00%</u>

Interest Rate Risk - In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Credit Risk - State law limits investments in commercial paper corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

Concentration of Credit Risk - The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial Credit Risk - Deposits - In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2007, \$17,388 of the District's bank balance of \$197,952 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2007

NOTE C - CASH AND INVESTMENTS

Custodial Credit Risk - Investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

At year-end, the District's cash deposits (checking, savings and certificates of deposit) and investments were reported in the basic financial statements in the following categories and breakdown between deposits and investments for the District is as follows:

	Governmental Activities
Unrestricted cash	\$ 179,620
Investments	455,688
Total cash and investments	<u>\$ 635,308</u>

NOTE D - RECEIVABLES

Receivables from governmental units at June 30, 2007 consist of the following:

	General Fund
State aid	\$ 138,605
Federal (IRS)	2,524
	<u>\$ 141,129</u>

NOTE E - FIXED ASSETS

Fixed Asset activity of the District's governmental activities was as follows:

	Balance 06/30/06	Additions	Deletions	Balance 06/30/07
Building and additions	\$ 660,274	\$ 0	\$ 0	\$ 660,274
Equipment and furniture	59,083	0	0	59,083
School buses	206,745	0	0	206,745
Subtotal	<u>926,102</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>926,102</u>
Accumulated depreciation:				
Building and additions	280,918	20,811	0	301,729
Equipment and furniture	49,233	3,850	0	53,083
School buses	182,748	7,199	0	189,947
	<u>512,899</u>	<u>\$ 31,860</u>	<u>\$ 0</u>	<u>544,759</u>
Net capital assets	<u>\$ 413,203</u>			<u>\$ 381,343</u>

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2007

NOTE E - FIXED ASSETS (Continued)

Depreciation expense was charged to activities of the District as follows:

Governmental activities		
Instruction	\$	1,320
Support Service		30,207
Food Service		333
Total governmental activities	\$	<u>31,860</u>

NOTE F - INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS

Amounts due from (to) other funds represent the balance of monies due from or to other funds for expenditures made or fund balance transfers approved. The amounts of inter-fund receivables and payables as of June 30, 2007 are as follows:

<u>Fund</u>	<u>Inter-fund Receivable</u>	<u>Fund</u>	<u>Inter-fund Payable</u>
School Food Service	\$ <u>4,476</u>	General Fund	\$ <u>4,476</u>
 <u>Fund</u>	 <u>Transfer In</u>	 <u>Fund</u>	 <u>Transfer Out</u>
School Food Service	\$ 378	General	\$ 4,754
Athletic	4,376		
	\$ <u>4,754</u>		\$ <u>4,754</u>

NOTE G - LONG TERM DEBT

Lease Agreements

On March 6, 2006, the District entered into a lease agreement with Dell Financial Services in the amount of \$23,818 for various pieces of computer equipment. This lease has annual payments which do include interest. The lease will expire in April of 2008. As of 6/30/07, the District made payments totaling \$18,458. The following is a schedule of the remaining lease payments:

<u>Payable School Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2007-2008	\$ <u>471</u>	\$ <u>6,480</u>	\$ <u>6,951</u>

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2007

NOTE H - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN

Substantially all of the District's employees are eligible to participate in the statewide Michigan Public School Employees' Retirement System (MPERS), a multiple-employer, cost-sharing public employee retirement system. Effective January 1, 1987, Act 91 of the Public Acts of 1985 established a voluntary contribution to the Member Investment Plan (MIP). Employees first hired before January 1, 1990, made a one-time irrevocable election to contribute to the tax deferred MIP. Employees first hired on or after January 1, 1990 will automatically be included in MIP.

Members in MIP may retire at any age after attaining thirty years of creditable service; or at age sixty with at least 10 years of credited service; or after attaining age 60 with a minimum total of five years of creditable service and with credited service in each of the five school fiscal years immediately preceding the retirement allowance effective date. The retirement allowance is calculated using a formula of 1.5% of the average of the highest total earnings during a period of thirty-six consecutive calendar months (three years) multiplied by total years to the nearest tenth of a year of credited service.

Employees who did not elect the MIP option fall under the MPERS Basic Plan and may retire after attaining age sixty with ten or more years of credited service; or attaining age fifty-five with thirty or more years of credited service; or attaining age fifty-five while still working at least fifteen but fewer than thirty years of credited service in each of the five school fiscal years immediately preceding the retirement allowance effective date. The retirement allowance is computed using a formula of 1.5% of the average of the highest total earnings during a period of sixty consecutive months (five years) multiplied by the total years to the nearest tenth of a year of credited service.

The MPERS also provides death, disability, health, medical, dental, vision, and hearing insurance coverage. Benefits are established by state statute.

The District was required by the state statute to contribute 16.34% of covered compensation through September 30, 2006 and 17.74% of covered compensation to the Plan for the remainder of the year. The total amount contributed to the Plan for the year ended June 30, 2007 was \$112,571 and equal the required contributions.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employees' service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the MPERS' fund status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among PERS and employers. The MPERS does not make separate measurements of assets and pension benefit obligations for individual districts.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employees' service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the MPERS' fund status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among MPERS and employers. The MPERS does not make separate measurements of assets and pension benefit obligations for individual districts.

As of September 30, 2006 for the MPERS as a whole, the actuarial accrued liability was \$48.2 billion. The pension plan net assets were \$43 billion, resulting in a ratio of assets at market value to the actuarial accrued liability of 89%. Employer contributions are based upon level-percent-of-payroll principles so that the contribution rates do not have to increase over decades of time. The District's 2007 contribution represented less than 1% of total contributions required of all participating entities.

Ten year historical trend information showing the MPERS' progress in accumulating sufficient assets to pay benefits when due is presented in the MPERS' September 30, 2006 annual report.

The State of Michigan is responsible for the payment of retirement benefits.

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2007

NOTE H - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (Continued)

Retirees have the option of health coverage which is funded on a cash disbursement basis by the employers. The State of Michigan has contracted to provide the comprehensive group medical, hearing, dental and vision coverages for retirees and beneficiaries. All health care benefits are on a self-funded basis. A significant portion of the premium is paid by MPSERS with the balance deducted from the monthly pension.

Pension recipients are eligible for fully paid Master Health Plan coverage and 90% paid Dental Plan, Vision Plan and Hearing Plan coverage with the following exceptions:

1. Retirees not yet eligible for Medicare coverage pay an amount equal to Medicare Part B premiums.
2. Retirees with less than 30 years of service, who terminate employment after October 31, 1980 with the vested deferred benefits, are eligible for partially employer paid health benefit coverage (no payment if less than 21 years of service).

NOTE I - FOUNDATION REVENUE

Effective as of fiscal year 1994-95 the State of Michigan adopted a foundation grant approach which provides for a specific annual amount of revenue per student based on a state wide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. The foundation allowance is based on the average of pupil membership counts taken in February and September of the previous year.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The District levies 18 mills for non-homestead property taxes. State revenue recognized during the foundation period (currently the fiscal year) is as follows:

2006-07 Foundation		\$ 7,085.00
Less Local Support:		
Non-Homestead Tax Value	13,931,363	
Multiplied by mills	<u>0.018</u>	
Total Local Support	250,765	
Divided by General Education K-12 membership	<u>140.38</u>	
Calculated Local Support		<u>(1,786.33)</u>
2006-07 Foundation Grant Allowance Per Pupil		<u>\$ 5,298.67</u>

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2007

NOTE J - RECONCILIATION OF MDE GRANT REPORTS

The amounts reported as current payments on MDE grant reports prepared by the State of Michigan, reconcile with the federal revenue on the Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances on page 18 as follows:

Total current payments per MDE Reports	\$	150,046
Less prior year grants		(59,642)
USDA Commodities		6,987
Direct Federal grants		14,170
Total Federal Financial Assistance	\$	<u>111,561</u>

The District expended less than \$500,000 in Federal awards during the fiscal year ended June 30, 2007 and is exempt from Federal Single Audit requirements, thus a schedule of federal financial assistance was not prepared.

NOTE K - CONTINGENT LIABILITIES

Risk Pool

Stanton Township Public School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District was unable to obtain general liability insurance at a cost it considered to be economically justifiable. Stanton Township Public School District joined together with other school districts currently operating a common risk management and insurance program. Stanton Township Public School District pays an annual premium to the pool for its general insurance coverage. The agreement provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event.

REQUIRED SUPPLEMENTAL FINANCIAL INFORMATION

STANTON TOWNSHIP PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(GAAP Basis)</u>	<u>Final to Actual</u>
REVENUES:				
Local sources	\$ 273,265	\$ 266,056	\$ 278,808	\$ 12,752
State sources	818,806	828,100	831,228	3,128
Federal sources	53,889	68,233	66,602	(1,631)
TOTAL REVENUE	<u>1,145,960</u>	<u>1,162,389</u>	<u>1,176,638</u>	<u>14,249</u>
EXPENDITURES:				
Instruction	840,192	839,385	822,872	16,513
Supporting services	419,145	401,179	385,604	15,575
TOTAL EXPENDITURES	<u>1,259,337</u>	<u>1,240,564</u>	<u>1,208,476</u>	<u>32,088</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(113,377)	(78,175)	(31,838)	46,337
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(4,754)	(4,754)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(4,754)</u>	<u>(4,754)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (113,377)</u>	<u>\$ (78,175)</u>	<u>(36,592)</u>	<u>\$ (4,754)</u>
FUND BALANCE - BEGINNING OF YEAR			<u>658,872</u>	
FUND BALANCE - END OF YEAR			<u>\$ 622,280</u>	

SUPPLEMENTAL FINANCIAL INFORMATION

STANTON TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended June 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2006</u>
REVENUES:				
Local sources:				
Taxes	\$ 245,556	\$ 250,151	\$ 4,595	\$ 227,815
Investment revenue	20,000	28,535	8,535	19,426
Rentals	-	115	115	1,379
Contributions	500	-	(500)	627
Miscellaneous	-	7	7	3,757
Total local sources	<u>266,056</u>	<u>278,808</u>	<u>12,752</u>	<u>253,004</u>
State sources:				
Unrestricted State aid	749,036	752,167	3,131	743,175
Restricted at-risk grant	32,864	32,861	(3)	28,370
Michigan school readiness	46,200	46,200	-	46,200
Total state sources	<u>828,100</u>	<u>831,228</u>	<u>3,128</u>	<u>817,745</u>
Federal sources:				
Title I	38,000	36,806	(1,194)	43,213
Title V - Part A	800	421	(379)	829
Title II - Part A	14,822	14,822	-	14,948
Title II - Part D	750	383	(367)	803
REAP	10,361	10,670	309	10,614
Homeland Security grant	-	-	-	214
Service Learning grant	500	500	-	1,456
MiBLSi grant	3,000	3,000	-	5,000
Total federal sources	<u>68,233</u>	<u>66,602</u>	<u>(1,631)</u>	<u>77,077</u>
TOTAL REVENUES	<u>1,162,389</u>	<u>1,176,638</u>	<u>14,249</u>	<u>1,147,826</u>
EXPENDITURES:				
Instruction:				
Basic program:				
Elementary School	<u>757,185</u>	<u>752,509</u>	<u>4,676</u>	<u>723,680</u>
Added needs:				
Compensatory education	47,119	37,362	9,757	44,524
At-risk	<u>35,081</u>	<u>33,001</u>	<u>2,080</u>	<u>28,946</u>
Total added needs	<u>82,200</u>	<u>70,363</u>	<u>11,837</u>	<u>73,470</u>
Total instruction	<u>839,385</u>	<u>822,872</u>	<u>16,513</u>	<u>797,150</u>

STANTON TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
Year Ended June 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2006</u>
Supporting services:				
Instructional staff:				
Library	<u>-</u>	<u>421</u>	<u>(421)</u>	<u>-</u>
General administration:				
Board of education	<u>22,880</u>	<u>26,556</u>	<u>(3,676)</u>	<u>16,533</u>
Executive administration	<u>177,861</u>	<u>177,502</u>	<u>359</u>	<u>165,236</u>
Total general administration	<u>200,741</u>	<u>204,058</u>	<u>(3,317)</u>	<u>181,769</u>
Business-fiscal services	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
Operation & maintenance	<u>97,985</u>	<u>84,840</u>	<u>13,145</u>	<u>91,828</u>
Pupil transportation	<u>99,453</u>	<u>96,285</u>	<u>3,168</u>	<u>84,405</u>
Total supporting services	<u>401,179</u>	<u>385,604</u>	<u>15,575</u>	<u>358,002</u>
TOTAL EXPENDITURES	<u>1,240,564</u>	<u>1,208,476</u>	<u>32,088</u>	<u>1,155,152</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(78,175)</u>	<u>(31,838)</u>	<u>(46,337)</u>	<u>(7,326)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,518</u>
Operating transfer out	<u>-</u>	<u>(4,754)</u>	<u>(4,754)</u>	<u>(3,584)</u>
TOTAL OTHER FINANCING SOURCES (USES):	<u>-</u>	<u>(4,754)</u>	<u>(4,754)</u>	<u>5,934</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ (78,175)</u>	<u>(36,592)</u>	<u>\$ (41,583)</u>	<u>(1,392)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>658,872</u>		<u>660,264</u>
FUND BALANCE, END OF YEAR		<u>\$ 622,280</u>		<u>\$ 658,872</u>

STANTON TOWNSHIP PUBLIC SCHOOLS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
June 30, 2007

	School Food			
	Service	Athletic	2007	2006
ASSETS AND OTHER DEBITS				
Cash	\$ 12,476	\$ 1,566	\$ 14,042	\$ 7,952
Receivables	1,361	-	1,361	3,145
Due from Other Funds	4,476	-	4,476	4,476
TOTAL ASSETS	\$ 18,313	\$ 1,566	\$ 19,879	\$ 15,573
LIABILITIES				
Accounts payable	\$ 4,508	\$ -	\$ 4,508	\$ 4,650
Accrued expenses	445	-	445	-
TOTAL LIABILITIES	4,953	-	4,953	4,650
FUND EQUITY:				
Fund balance - unreserved	13,360	1,566	14,926	10,923
TOTAL LIABILITIES AND FUND EQUITY	\$ 18,313	\$ 1,566	\$ 19,879	\$ 15,573

STANTON TOWNSHIP PUBLIC SCHOOLS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year Ended June 30, 2007

	School Food Service	Athletic	2007	2006
REVENUES:				
Local sources	\$ 15,577	\$ 1,813	\$ 17,390	\$ 21,170
State sources	1,038	-	1,038	2,132
Federal sources	44,959	-	44,959	45,439
TOTAL REVENUE	61,574	1,813	63,387	68,741
EXPENDITURES:				
Labor	16,565	3,357	19,922	19,788
Employee benefits	6,260	939	7,199	9,505
Purchases	35,012	2,005	37,017	39,871
TOTAL EXPENDITURES	57,837	6,301	64,138	69,164
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,737	(4,488)	(751)	(423)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	378	4,376	4,754	3,584
EXCESS (DEFICIENCY) OF REVENUES AND FINANCING SOURCES OVER EXPENDITURES	4,115	(112)	4,003	3,161
FUND BALANCE, BEGINNING OF YEAR	9,245	1,678	10,923	7,762
FUND BALANCE, END OF YEAR	\$ 13,360	\$ 1,566	\$ 14,926	\$ 10,923

STANTON TOWNSHIP PUBLIC SCHOOLS
SCHOOL FOOD SERVICE FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year Ended June 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2006</u>
REVENUES:				
Local sources:				
Adult lunches	\$ 1,600	\$ 2,093	\$ 493	\$ 1,959
Special milk	200	278	78	234
Breakfast	900	601	(299)	1,082
Student lunches	13,000	12,409	(591)	14,974
Earnings on investments	50	70	20	78
Miscellaneous	1,038	126	(912)	-
Total local sources	<u>16,788</u>	<u>15,577</u>	<u>(1,211)</u>	<u>18,327</u>
State sources	<u>-</u>	<u>1,038</u>	<u>1,038</u>	<u>2,132</u>
Federal sources:				
School lunch program	40,000	37,972	(2,028)	35,654
USDA entitlements	-	6,968	6,968	8,687
USDA bonus entitlements	-	19	19	1,098
Total federal sources	<u>40,000</u>	<u>44,959</u>	<u>4,959</u>	<u>45,439</u>
TOTAL REVENUES	<u>56,788</u>	<u>61,574</u>	<u>4,786</u>	<u>65,898</u>
EXPENDITURES:				
Labor	17,000	16,565	435	17,253
Total employee benefits	7,683	6,260	1,423	9,032
Purchases	28,455	35,012	(6,557)	38,109
TOTAL EXPENDITURES	<u>53,138</u>	<u>57,837</u>	<u>(4,699)</u>	<u>64,394</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>3,650</u>	<u>3,737</u>	<u>87</u>	<u>1,504</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	<u>-</u>	<u>378</u>	<u>378</u>	<u>576</u>
Net Change in Fund Balance	<u>\$ 3,650</u>	<u>4,115</u>	<u>\$ 465</u>	<u>2,080</u>
FUND BALANCE, BEGINNING OF YEAR		<u>9,245</u>		<u>7,165</u>
FUND BALANCE, END OF YEAR		<u>\$ 13,360</u>		<u>\$ 9,245</u>

STANTON TOWNSHIP PUBLIC SCHOOLS
ATHLETIC FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year Ended June 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2006</u>
REVENUES:				
Local sources:				
Charges for services	\$ 475	\$ 444	\$ (31)	\$ 300
Contributions	1,400	1,369	(31)	2,262
Miscellaneous	-	-	-	281
	<u>1,875</u>	<u>1,813</u>	<u>(62)</u>	<u>2,843</u>
TOTAL REVENUES				
EXPENDITURES:				
Labor	3,500	3,357	143	2,535
Total employee benefits	610	939	(329)	473
Purchases	2,140	2,005	135	1,762
TOTAL EXPENDITURES	<u>6,250</u>	<u>6,301</u>	<u>(51)</u>	<u>4,770</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(4,375)</u>	<u>(4,488)</u>	<u>(113)</u>	<u>(1,927)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	<u>4,500</u>	<u>4,376</u>	<u>(124)</u>	<u>3,008</u>
Net Change in Fund Balance	<u>\$ 125</u>	<u>(112)</u>	<u>\$ (237)</u>	<u>1,081</u>
FUND BALANCE, BEGINNING OF YEAR		<u>1,678</u>		<u>597</u>
FUND BALANCE, END OF YEAR		<u>\$ 1,566</u>		<u>\$ 1,678</u>



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LETTER OF COMMENTS AND RECOMMENDATIONS

Board of Education
Stanton Township Public School District
Atlantic Mine, Michigan

In connection with our audit of the financial statements of Stanton Township Public School District, as of and for the year ended June 30, 2007, the following concerns regarding the accounting records, procedures, and internal control structure came to our attention.

Our comments are based upon conditions noted during our audit and are not intended to be all inclusive. These comments are submitted as constructive suggestions to assist you in strengthening controls and procedures and are not intended to reflect on the honesty or integrity of any individual.

Board Minutes Documentation

It is important when adopting or amending the budget to state the total revenues and expenditures approved within the minutes.

Public Act 621 - Budget Over Expenditures

Public Act 621 of 1978, as amended, prohibits expenditures in excess of budgeted appropriations. Instances of violations of these provisions are readily ascertainable from the financial statements and the accompanying information. There were no material overages in the individual budgeted funds.

Statement on Auditing Standards (SAS) No. 112

Those charged with governance is defined as, "the person(s) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity." This includes overseeing the financial reporting and disclosure process. In smaller entities, such as the Stanton Township Public School District, those charged with governance may be the same people.

SAS No. 112 states that those charged with governance need to have the necessary accounting expertise and competence with respect to financial statement preparation. They must be able to prevent, detect, and correct a potential misstatement in the financial statements. In order to eliminate control deficiencies, significant deficiencies, or material weaknesses, the district should review their internal control, segregation of duties, and management's ability to prepare financial statements.

We would like to thank the administrative staff for the cooperation we received during our audit. We appreciate the opportunity to present these comments and recommendations for your consideration and we are prepared to discuss them at your convenience.

This report is intended for the information of the District's Board of Education, the cognizant audit agency, and other federal and state audit agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Bruce A. Rukhila, CPA, PC

Certified Public Accountants

October 26, 2007